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C O N F I D E N T I A L AMMAN 007668

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PASS DEPT. OF ENERGY/INTERNATIONAL AFFAIRS

E.O. 12958: DECL: 10/05/2021

TAGS: [ENRG](#) [EPET](#) [PGOV](#) [JO](#) [IZ](#)

SUBJECT: IRAQI OIL SHIPMENTS TO JORDAN: NOTHING MOVING YET

REF: AMMAN 5987

Classified By: CDA Daniel Rubinstein, Reasons 1.4 (b) and (d).

11. (C) Jordan's Energy Minister Azmi Khreisat told Ecouns October 4 that no Iraqi oil has yet been shipped to Jordan as provided for under a bilateral deal signed in August to provide cash-strapped Jordan with oil at concessionary prices for refining in the state-owned oil refinery north of Amman. Khreisat said that everything is in order on the Jordanian side. The Iraq-Jordan Land Transport Company is ready to ship, with trucks already waiting in Iraq to load the crude.

12. (C) Khreisat said he had spoken the day before with Iraqi Oil Minister Shahrastani who told him he would look into the delay. Khreisat surmised that the hold-up was caused by "some people within SOMO" resisting starting the shipments. Jordan has offered to help expand the capacity of the loading stations to be used but has heard no response from SOMO as of yet.

13. (C) The Iraq-Jordan Land Transport Company will truck the crude for the first three months of the agreement. Afterwards, Jordan's Energy Minister will let the business out to tender. Khreisat added that, unlike originally reported, the final deal could reach 50,000 barrels/day, half of all of Jordan's oil needs. Shipment costs, however, will be three to four times the cost of trucking the crude from Aqaba, due to the much higher security costs and the need to pay protection money to the tribes of Al-Anbar Governorate.

14. (C) COMMENT: Khreisat is clearly feeling some pressure that this much-touted deal has so far come to nothing. He implied he was constantly being asked, "Where's the Iraqi oil?" A source at the trucking company says security costs may actually make the deal uneconomical and that there are still political issues within Iraq to be worked out. As the GoJ gradually ends its subsidies for domestic fuel consumption, each hike in prices generates broad popular resentment. The Bakhit government trumpeted the August deal as a great victory, though informed observers were skeptical that Iraq, under current conditions, would be able to come through with the oil. Though signed in August, the Iraq-Jordan oil shipment arrangement may not quite be a done deal.

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